



facts and fictions about an aging america

by the macarthur foundation research network on an aging society

The dramatic increase in life expectancy in the United States and all other developed nations in the 20th century is one of the greatest cultural and scientific advances in our history. Yet, we are woefully unprepared to address the challenges—such as potential conflicts aggravated by generational differences—and take advantage of the opportunities—unleashing the productivity inherent in a healthy elderly population, for example—that stand before us.

In this emerging “aging society,” in which those over age 60 will outnumber those under 15, there remains substantial uncertainty about what life will be like for the elderly and, perhaps more importantly, for the middle-aged and younger generations that will follow in the footsteps of today’s oldest Americans.

With these considerations in mind, in 2008 the MacArthur Foundation established a Research Network on an Aging Society, bringing together 12 scholars from the United States and Europe from a variety of relevant disciplines including economics, sociology, psychology, political science, medicine, public health, demography, and public policy. Our goal is to identify the changes that need to be made in many aspects of American life, including retirement, the workforce, education, and even the design of our future cities, that will enable us to deal with the challenges and take advantage of the opportunities posed by the aging of our society.

The task before us is to establish a secure infrastructure for such a society, a revised set of core elements—family, workforce, retirement, churches, political parties, communities, volunteer organizations, and financial entitlements, among others—that will be needed for our future society to function effectively. But first we must understand the realities of the current demographic transition in life expectancy and their implications for American society as a whole. Too much of what passes for knowledge and understanding of aging in America today are beliefs that are completely or partially false—myths, if you like—that must be recognized and unpacked.

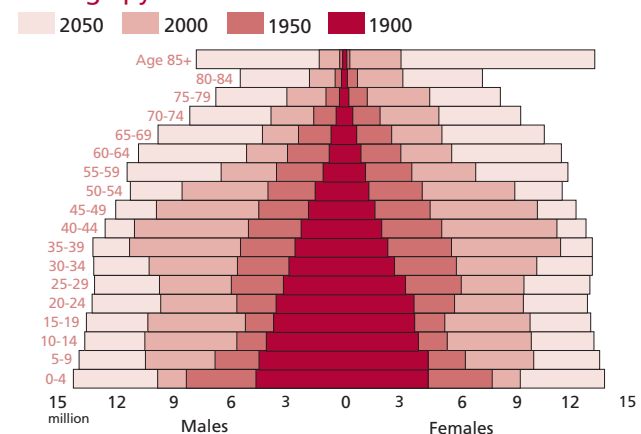
Myth #1: Aging in America is a temporary phenomenon caused by the baby boom.

The aging world won’t disappear once the baby boomers have passed on—we are well on our way toward a fundamentally new, permanent, and older age structure in our society. Yes the baby boom has contributed to the aging of American society, but so have rapid increases in life expectancy and reductions in birth rates.

The aging of our nation began early in the 20th century as advances in public health led to rapid reductions in infant, child, and maternal mortality. At that time, infectious diseases were the leading causes of death, as had been the case throughout human history. Because the risk of death was always high for younger ages, only a relatively small segment of every birth cohort prior to the 20th century had an opportunity to live to older ages. This characteristic pattern of mortality and survival, combined with high birth rates, produced an age distribution for America that took the shape of a pyramid—there were more younger people, situated at the bottom of the pyramid, than older people, situated at the top of the pyramid.

In the early 20th century, as young people lived longer and death rates declined further at the middle and older ages in the second half of the century, life expectancy at birth rose rapidly—by more than 30 years. For example, 42 percent of the babies born in 1900 were expected to survive past age 65, but by 2000 this rate had nearly doubled to 83 percent. The result is that death has been permanently shifted from a phenomenon among the young to one of the old. This critical component of the ongoing process of aging in America will likely remain an enduring part of our demographic destiny long after the baby boomers pass on.

U.S. age pyramid



Source: <http://www.ctmt.com/pdfs%5CemergingDirections%5Cdemographicsasdestiny.pdf>

Although, the baby boomers, who can first be detected at the base of the age pyramid in 1950 and by the year 2000 dominate the middle part of the age structure, are obviously important. When they were under age 65, their numbers postponed the emergence of an aging society despite increases in life expectancy, and as they cross into “old age” their vast numbers are accelerating it.

Uncertainty remains about how the health and longevity of future cohorts of older people will unfold. In recent years

and diabetes. Very recent analyses show an increase in the need for personal assistance, such as help with bathing, dressing, or other basic activities of daily living among 59 year olds. The trend, therefore, is toward a more active and healthier older population, and a less-healthy younger and middle-aged population, which includes the early baby-boomers. Clearly we are no longer a society with a functionally impaired older generation alongside a fit, active, younger population.

Another frame of reference for assessing the function of older people relates not to comparing them to young adults, focusing on how many health problems they have, or how they score on an individual test, but instead looking at their overall capacity to function. From this perspective, it's clear many people successfully adapt in ways that

allow them to lead full, productive lives into their oldest ages. Such adaptations build on the fact that important abilities, such as perspective, experience, social values, emotional regulation, and wisdom, may all increase with age.

When it comes to functional capacity, it may be that factors other than age are driving the changes we're seeing. Some of the most important determinants of diminished capacity—cognitive and functional decline—are more closely related to socioeconomic factors including race, ethnicity, and educational attainment, than to age. As we can see below, education in

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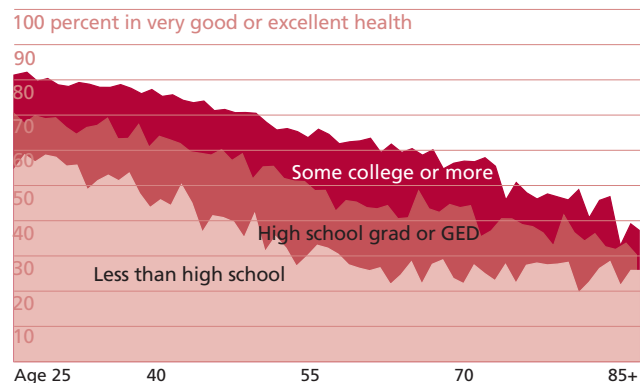
we've witnessed an increase in the proportion of the lifespan spent in good health and an extension of disability-free life expectancy, but this trend may not continue in the face of evidence suggesting that some younger generations are less healthy than those that preceded them into older ages. It's possible the recent increases in obesity and diabetes will actually lead to declines in life expectancy in this century. However, the quick pace of advances in biomedical technology makes scientists optimistic that advances in life expectancy in America will both accelerate and continue beyond the middle of this century.

Myth #2: Physical and mental capacity inevitably decline with biological aging.

Being old doesn't necessarily entail being frail. While normal human aging does involve progressively worse organ function compared to the peak in early adulthood, the impact of these physiological changes on the capacity of individuals to function in society is quite modest. The exaggeration of the elderly's diminished function is due in part to archaic views that overlook the fact that people are becoming disabled later and later in their lives. Thus, not only are people living longer, but they're healthier and are disabled for fewer years of their lives than older people decades ago. This phenomenon of progressively pushing disability later and later in life is referred to as “compression of morbidity.” As a result, active life span is increasing faster than total life span. The health and functional status of the elderly has been improving steadily since the early 1980s, much of it because of improvements in medical care. A landmark study published in 1994, and since confirmed by other research, found the number of elders unable to perform daily tasks decreased by 3.6 percentage points from 1982 to 1994 (from 24.9 percent to 21.3 percent). As a result, there were 1.2 million fewer disabled elders in 1994.

Interestingly, there's evidence from the same time period suggesting disability has increased among those younger than 65, thanks to substantial increases in rates of asthma, obesity,

Age, education, and functional decline



Source: Authors' calculations from the National Health Interview Survey.

particular plays a prominent role in determining quality of life at older ages. This finding mirrors the role education plays in other social contexts. The economic returns from education in the labor market and the health benefits associated with additional years of schooling have both expanded sharply over time.

Myth #3: Aging mainly impacts the elderly.

That this statement appears self-evident makes it one of the most pernicious myths. The facts are that while population “aging” is driving our demographic transition, from a policy perspective the elderly are often not the most impor-

tant group from the point of view of either the risks they face going forward or the impact they will feel as changes are made to adapt to our society's aging.

For example, the young may lose support for education as expenditures for old-age entitlements grow, as has been the experience in some European countries. Or, perhaps the middle-aged will be strained by their responsibility to provide goods and services for a rapidly growing elderly population.

As we move ahead, the most productive strategy is not to focus on just one generation, such as the elderly, but to consider the entire society, and the interactions of the generations it includes. Only in this broader context can we consider the essential dynamics of the overall population and identify the key opportunities for meaningful change.

Myth #4: In an aging society, the young and old are inevitably pitted against each other.

A number of pundits and doomsayers have long predicted that as aging baby boomers vastly increase the ranks of older voters, class warfare in America will be fought not between the rich and poor, but between the old and young. This scenario presumes elders will be voting exclusively on the basis of their material self-interests to increase spending on Social Security, Medicare, and other old-age entitlements, thereby eroding support for educational and other programs critical to the future of younger generations. In response, the story goes, young and middle-aged voters will act out politically to reduce their “burden” of supporting elders by having their tax revenues allocated for other purposes.

It's true the number and percentage of older voters will increase substantially in the decades ahead. According to the Census Bureau, the number of voters age 65 and older is projected to increase from 40 million in 2010 to 72 million in 2030, and then to 89 million in 2050. Although people 65 and over are only 17 percent of the voting-age population today, they will be 25 percent in 2030 and stay at about that proportion until 2050.

Yet, the evidence to date doesn't show significant intergenerational conflict over old-age entitlements. In fact, quite the opposite appears to be true.

Throughout many decades of national elections (the arena most salient to Social Security and Medicare policies) there has been no credible evidence that older people vote as a unified bloc focusing only on old-age benefits. In fact, national exit polls and post-election surveys suggest the contrary. Like the overall electorate, older voters so far have differed in their political attachments, economic and social status, race and ethnicity, and many other characteristics that shape their preferences among candidates for office.

Moreover, surveys of public attitudes in the United States



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over the years show a surprising but consistent convergence of opinions across generations. Large, multigenerational majorities express strong support for programs directed at seniors—including both employer-based retirement benefits and Social Security—as well as educational programs for children and government assistance for the poor. Young and middle-aged adults recognize the financial relief old-age entitlements provide, and perhaps also see themselves as future beneficiaries of the programs. This finding is in line with European surveys of voting and attitudes among young and middle-aged generations. These surveys consistently show support for, rather than hostility toward, benefits for older generations.

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Notwithstanding the absence of intergenerational conflict to date, it could be engendered by changes in the broader social and economic environment. Over the next several decades, for instance, younger people will be disproportionately minority—Hispanics, African Americans, and Asians—while older people remain disproportionately non-minority because 75 percent of baby boomers fall into that racial/ethnic category. Indicators such as educational attainment suggest that much of the young minority workforce over the next 30 years, like today, will be

working in relatively low-wage jobs. Will a generally low-paid, young, minority population resent having to pay taxes to support entitlement programs that benefit a mostly white, relatively well-off, retired population? This potential conflict may be exacerbated if the already-substantial income inequalities and access to health care keep increasing.

Myth #5: Policy-makers must choose between investments in youth or the elderly.

The transformation of America into an older society creates novel challenges for the Obama administration and raises questions about how to target new investments of precious public resources across the generations in education, training, and preventative health. As various advocacy groups vie for

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the attention of the new administration, some advocates for children's programs contend that youth are the only generation worthy of investment.

This approach views expenditures for children as investments with long-term returns for all of society and resources spent on the elderly as short-term benefits limited to the direct beneficiaries. This view belies the fact that many mid- and late-life interventions such as new skills training, efforts to enhance civic engagement and volunteerism, and programs to reduce health risks pay off. Their modest costs are more than offset by substantial intermediate and longer-term economic gains, including increased productivity and decreased health care expenditures.

It's well established that experiences and investments early in life have an important impact on later socioeconomic position, health, and well-being and that some childhood social programs, such as Head Start (pre-K) are valuable. Accumulating evidence indicates, however, that interventions spaced across an entire lifetime can have cumulative benefits better than the effects of interventions made in childhood alone.

Moreover, many programs that target the elderly have significant benefits for younger generations and should properly be seen as family programs. Social Security payments to older people relieve their middle-aged children of the economic burden of supporting their parents. But they also help the elderly support their children. European evidence shows that up to about age 80, parents continue to give their children financial and social support. And in South Africa, when older women living in extended families received a pension, granddaughters in those households were healthier over time. Such multi-generational win-win opportunities exist in many areas, including education, training and job flexibility, retirement, welfare, and health.

Myth #6: The biggest public problems facing an aging America stem from Social Security and Medicare/Medicaid.

The (currently unfunded) future financial obligations of Social Security and especially Medicare and Medicaid are indeed staggering and threaten our nation's future financial stability. Nonetheless, while they're the elephant in the living room, the fact is that elephant isn't alone.

We've neglected more fundamental questions about the nature of life in an aging America, our commitments among generations, and the structure and function of our key institutions that might best allow us to achieve a productive and equitable society. As the age structure of our society changes we must reexamine the social compact between generations that has been the basis of many of our policies. What should a normal

life look like in the future? Should there be more education interspersed throughout middle age so individuals will be prepared to cope productively with technological change and be able to continue to be productive later in life?

Should employers have incentives to educate employees and keep them in the workforce longer? Can we develop more flexible approaches to work schedules and worksite design? Should efforts outside the workforce, such as volunteering, be encouraged in some way? Should win-win approaches that benefit multiple generations, like the South African pension example, be given special incentives? Lack of attention to these issues could prove, in the long run, to be just as damaging as the financial imbalances in entitlements.



Photo by foreversouls via Creative Commons

The aging of America presents many opportunities.

Myth #7: We can stabilize the age of our population by increasing immigration.

A couple specific issues are embedded within this myth. The first relates to the nature of the alleged problem. Many think our aging society won't have a workforce large enough because demographic shifts will increase the size of the older population relative to the young. They say we should increase immigration levels rather than or in addition to trying to keep older individuals working longer.

In truth, most estimates suggest the United States will have a sufficient overall number of workers in 2030 and 2050, assuming legal migration continues at current levels of approximately 1 million people annually. This is due in large part to the stable and relatively high total fertility rate (TFR) in the United States, which continues at or very close to the replacement rate (the rate needed to keep the population constant in size, or 2.1 births per woman). The TFR in the United States today is substantially higher than in many European countries and Japan. It's important to note, however, that while the size of the overall workforce may be sufficient for years to come, it's highly likely skill gaps will emerge in particular areas, nursing and engineering among them.

A second way to look at this is that the "problem" is the result of an upward shift in the age structure of our future society, and we can "cure" this simply by importing more young people from other countries for awhile in order to mitigate the changes in our population pyramid. There are several difficulties with this approach.

First, it may seem that encouraging younger migrants to enter the country will immediately fix the problem, but the fact is, these immigrants will also grow older. A genuine fix of this kind would require a sustained stream of young immigrants entering the country every year; however, the number of immigrants we'd need to balance the age structure is very large, and may not be feasible either politically or because sufficient immigrants with the requisite capacity to participate productively in our society couldn't be identified. For example, the number of annual immigrants needed to keep the proportion of our population that is under 65 at the current level has been estimated at more than 11 million—a more than 1,000 percent increase from the current level of immigration, which is already unpopular in some circles.

The danger of myths is that they lull people into complacency. If the general public and our elected officials don't understand the reality of what's facing us, they'll essentially be in denial and unable to move forward to fix what's broken.

Our current approaches to the elderly were designed for a different society. They're based on a set of policies, like the formal and informal rules regarding work, retirement, and social security, that limit opportunities for the elderly to be productive.

If we don't change these approaches, we could end up

with a dysfunctional society that will pit one generation against another, be unable to care for its citizens, provide equal opportunity for all, or be competitive in a global economy.

Some of the myths described here have proven quite durable and a significant effort will be required to educate our society with the facts about aging America. Only then can we start to develop and implement effective policies, at both the local and national levels, that will increase the likelihood that the America that emerges is productive and equitable.

In next quarter's *Contexts*, the MacArthur Aging Society Network will offer our perspectives on the major areas ripe for policy development and the key principles that should guide those efforts.

recommended resources

Dana Goldman, Jaoping Shang, Jayanta Bhattacharya, Alan M. Garber, Michael Hurd, Geoffrey F. Joyce, Darius N. Lakdawalla, Constantijn Panis, and Paul G. Shekelle. "Consequences of health trends and medical innovation for the future elderly," *Health Affairs* (2005) 24 Suppl 2: W5-R5–W5-R17. Examines how medical technology and declining health in younger generations affect the future health and medical spending of the elderly.

Robert B. Hudson, ed. *Boomer Bust? Economic and Political Issues of the Graying Society* (Vol. 1) and *The Boomer and Their Future* (Praeger, 2008). Provide dozens of perspectives from a multidisciplinary roster of authors on the implication of becoming an aging society.

Kenneth Manton, Larry Corder, and Eric Stallard. "Chronic disability trends in elderly United States populations: 1982-1994," *Proceedings of the National Academy of Sciences* (1997) 94: 2593–2598. Examines trends in the functional status of older generations.

Linda Martin, Vicki Freedman, Robert Schoeni, and Patricia Andrews. "Health and functioning among baby boomers approaching 60," *Journal of Gerontology: Social Sciences* (2009) 64B(3): 369–377. Recent evidence that the decades-long declines in disability rates in older people may be waning.

James H. Schulz and Robert H. Binstock. *Aging Nation: The Economics and Politics of Growing Older in America* (Johns Hopkins University Press, 2008). Presents the arguments for and against the likelihood of "intergenerational warfare," proposing an alternative "family-based" perspective on entitlements.

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